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SUBJECT: KUWAITI VIEWS ON CRITICAL ENERGY MOU

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Classified By: Economic Counselor Oliver B. John for reasons 1.4 (b & d).).

11. (C) Summary and Key Points

-- The NSB is happy with USG-GoK cooperation thus far and believes that it is in both countries' best interest to continue it.

-- The NSB would be happy to sign the amended MOU.

-- Kuwait is willing to cover expenses for USG personnel visiting Kuwait under the CEIP MOU.

-- Kuwait is not willing to pay salaries for U.S. officials. The NSB "can't sell that."

12. (C) Econcouns met with Kuwait National Security Bureau (NSB) Vice President Shaykh Thamer Ali Sabah Al-Salem Al Sabah and his team on June 22 to discuss GoK changes to the draft Critical Energy Infrastructure Protection MOU. Shaykh Thamer stated that he welcomed the cooperation with the USG, adding that it served the interest of both nations. He said that Kuwait had already addressed many of the recommendations arising from the two visits of USG assessment teams.

13. (C) Econcouns asked for clarification on Kuwait's change to section 8 of the draft MOU from "the State of Kuwait is to pay for all costs for services performed, (" to "each party shall bear all the expenses for services provided to it by the other party." Shaykh Thamer replied that the GoK had been perfectly happy with bilateral cooperation, but wanted to be responsive to the USG's interest in having an MOU. The subsequent inclusion of Section 8, which had not been in the original USG draft, had "raised eyebrows" as had the additional language referring to section 572 of the Foreign Assistance Act and advance payment. The GoK's substitute language, he said, meant that Kuwait would cover living expenses, transportation, etc. for USG visits to Kuwait and that the USG would provide reciprocal treatment to Kuwaiti visitors. "I fully expect that most meetings will be in Kuwait," he added, "We are not looking at improving U.S. facilities' security." (Note: as envisaged by Shaykh Thamer, this appeared to reflect the kind of reciprocal quality that the Kuwaitis excel at. End note.) He explained, however, that Kuwait would not pay the salaries of USG personnel. There was no law in Kuwait permitting prior payment and it would run into parliamentary opposition. "I can't sell that." He stressed that this was a "government decision not just an NSB decision." He added that the annual Gulf Security Dialogue took place without any discussion of salary payments.

14. (C) Shaykh Thamer suggested that Kuwait was not likely to

need further assessments and that a few USG recommendations on good companies to work with would be useful. He added wryly that he could have contractors lining up to conduct studies for free, merely on the hope of getting follow-on contracts to provide security upgrades. Econcouns responded that the USG had a great deal of expertise on critical infrastructure protection and that "you get what you pay for." Shaykh Thamer reiterated that improving the protection of Kuwait's oil export facilities was in the best interests of both countries, and that he hoped there would be a way to continue cooperation. Econcouns explained the difficulty in moving forward absent a clear funding mechanism, but promised to consult with Washington. (Note: Before Shaykh Thamer arrived, NSB International Relations Director, Shaykh Fawaz Al-Sabah asked, when the USG would be ready to sign the agreement and appeared disappointed as the conversation started to highlight the difficulties with the GoK revised text. End note.)

¶5. (C) Econcouns and Shaykh Thamer briefly discussed the other GoK changes to the document, particularly on the coming into force section. Shaykh Thamer said that after an exchange of diplomatic notes, the document could be signed by both sides, without parliamentary approval.

¶6. (C) Shaykh Thamer briefly discussed improvements to oil sector security. He said that the GoK was in the process of adding more security, including bomb sniffing dogs, more people on the ground to conduct searches, and blast proof walls to the Shuaiba refinery. There are already around 280 cameras at Shuaiba alone, he said proudly. He noted that the most challenging change had been to coordinate the efforts of all of the organizations involved in providing security. "We examined it, and everyone thought it was their responsibility, and it therefore was no one's responsibility." The GoK's response was to create the higher coordination committee to coordinate efforts, which Shaykh Thamer said was working well. "National Security (Bureau) is in charge. (Note: Shaykh Fawaz subsequently told Econcouns that the new NSB President Shaykh Mohammed Al-Khaled Al Sabah (a former Minister of Interior) was bringing new energy to the position and was responsible for improving the Ministry of Interior's cooperation with the NSB. End note.)

¶7. (C) Comment: Shaykh Thamer's response was much more dismissive than when Econoffs met with him in January to pass the USG revised text. We briefed him clearly on the payment issue at that time and though he made no commitments, he seemed unconcerned. Given the constant drumbeat of parliamentary criticism of government spending, his comment that the GoK, not just the NSB, had determined that it would not pay salaries rings true. We believe that the GoK would love to have a deliverable for the Amir's possible visit to the U.S. in late July, but as presently structured, this does not appear to be it. Assuming it remains in the USG's interest to help the Kuwaitis to continue improving oil infrastructure security, post sees two possible ways forward: a) look for ways to cooperate absent a formal MOU sidestepping the question of payment; b) do a better job of marketing USG "fee based consulting services." The long-standing FMS program shows that Kuwaitis are willing to pay for training and support, but need to be convinced that they are getting value for money. The second approach is likely to be a long process, however.

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